

ABSTRACT OF DISCLOSURE (Clean copy)

Financial instruments (i.e., products) designed as trading vehicles to protect the value of residential homes. An associated method for creation and trading of notes backed by ownership of single family homes to allow financial markets to provide trading products for investors and home owners to profit from price changes in the value of single family homes is described. A fraction of the title to the land and dwelling of many single family homes are bundled, separately from that of the traditional mortgages, creating the equivalent of mortgage-backed-securities such as Ginnie Maes, which are marketed to public investors. These securities (HAVENs) can be used by homeowners to protect value of individual homes and can be purchased publicly as a direct investment in residential real estate. HAVENs differ from traditional insurance, in that no up-front payment is necessary to secure protection; instead a portion of ownership is pledged.

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Financial instruments (i.e., products) designed as trading vehicles to protect the value of residential homes [are described]. [A] An associated method for creation and trading [generation of publicly traded] of notes backed by ownership of single family homes to allow financial markets to provide trading [instruments] products for investors and home owners to profit from price changes in the value of single family homes is described. A fraction of the title to the land and dwelling of many single family homes are bundled, separately from that of the traditional mortgages, creating the equivalent of mortgage-backed-securities such as Ginnie Maes, which are marketed to public investors. These securities [, herein referred to as home asset value enhancement notes] (HAVENs) [,] can be used by [individual] homeowners to protect [as a hedge against any declines in] value of [their] individual homes and [, They] can be purchased [by the general] publicly as a direct investment in [the aggregate value of] residential real estate. [HAVENs are intended to serve purposes similar to those of commodity contracts available to producers and consumers of commodities other than houses, such as precious metals, agricultural products or livestock.] HAVENs differ from traditional insurance, in that no up-front payment is necessary to secure protection; instead a portion of ownership is pledged. [In addition, this greatly broadens the public participation and thus spreads the risk. Traditional insurance resources based on homeowner premiums could be overwhelmed in a depression environment, increasing the risk that the homeowner would not be covered for his losses on sale of the property.]